



Independent observer
of the Global Fund

NEW DONOR PLEDGES FREE ROUND 8 APPLICANTS TO SUBMIT BOLD PROPOSALS

The pledges made to the Fund for 2008-10 at last week's Replenishment Meeting in Berlin, as reported [above](#), were impressively large. Global Fund staff said that over the last few weeks, their private estimates of how much would be pledged steadily climbed from \$7 billion to \$8 billion to \$9 billion. The final number was nearly \$10 billion.

The total of \$9.7 billion that the Fund published was made up of two parts; \$6.3 billion from countries that made commitments, and \$3.4 billion estimated by the Fund as likely to come from countries that did not make commitments in Berlin. (Countries like the USA and Japan have legislative procedures that make it impossible for them to make financial commitments for future years.)

Both numbers are somewhat conservative. If a country pledges a certain amount, it does not rule out deciding to give more if the need is proven. The most likely time for this is when the donor countries meet in early 2009 for a "mid-term review". Thus, if the three-year demand does indeed appear at that time to be \$12 b. or \$15 b. or even \$18 b., there's a decent chance that the donors will provide it.

Two years ago, at the Fund's first Replenishment Meeting, donors pledged to give at least \$3.7 billion in 2006-7. The amount that they ended up actually giving during those two years was \$4.7 billion, 27% more than the original pledges. (However, one factor that came into play is that the Euro is worth 16% more in terms of dollars than it was two years ago.) If we extrapolate from this, we can expect that the amount actually given over the years 2008-10 might be \$12 billion.

But even with no new pledges at all for 2008-10, the \$9.7 billion that the Fund currently and conservatively expects to receive will be enough money to enable the Fund to continue operations at least at its current

level for at least another three years.

This is very significant. In past years, many applicants to the Fund worried that if they collectively submitted ambitious proposals, the Fund might not have enough money to pay for them. (Although in fact, no proposal that the TRP has recommended for approval has ever gone unfunded.) But now, potential applicants for Round 8 grants can confidently assume that even if Round 8 costs, say, \$1.5 billion (50% more than the largest-ever previous Round), the Fund should be able to afford it.

Indeed, if Round 8 is not significantly larger than the \$1.1-billion Round 7, and the Fund does not receive many of the new “National Strategy Applications”, the donors will have no reason to meet for a mid-term review in early 2009 and potentially increase their pledges.

If we regard the term “the need” as meaning how much money should be spent on tackling the three pandemics if all people are to receive the services they deserve, and the term “the demand” as meaning the cost of actual projects that implementing countries choose to put together to meet that need, it’s fair to say that although the Fund has certainly not raised enough money to meet the “need”, it has raised enough money to meet the “demand”, unless countries scale up the quality and size of their proposals. This means that a major emphasis by the Fund and its allies over the next few years must be raising “the demand” so that it starts to approach “the need”.

No country need now worry that if they work hard on writing a high-quality Round 8 proposal that the TRP likes, the proposal will go unfunded. But the time to start that work is now, not on March 1, when the formal call for proposals is issued. And indeed, many countries are already hard at work designing their Round 8 proposals.

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